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bc Paymaster General
Mr. Hoskyns
Mr. Wolfson
Mr. Ingham

10 DOWNING STREET

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From the Private Secretary

16 September 1980

Dear Richard,

Liverpool Port

As you know, the Prime Minister held a meeting this evening with your Secretary of State, the Minister of Transport and the Chief Secretary to discuss the Liverpool port problem. The Secretary of State for Industry, the Minister of State, Department of Industry (Mr. Butler) and Sir Robert Armstrong were also present. They had before them Mr. Prior's and Mr. Biffen's minutes of today's date.

Mr. Prior explained his proposals. An immediate decision was needed because his officials were meeting the employers very shortly in advance of their meeting the following morning. The Employers' Association were keen to put pressure on the Liverpool employers to avoid a strike; and equally, the union wanted to avoid a strike if they possibly could. But there was no doubt that, if a temporary unattached register were introduced at Liverpool, there would be a strike. His proposals under (a) in his minute were intended to enable the employers to offer improved severance terms; proposal (b) would provide the Mersey Docks and Harbour Company with an assurance that their taking on laid off dockers who did not accept the improved severance terms would be taken into account in the current review of their financial position. This was the least that was required in order to prevent them from setting up a TUR. The dockers being laid off would probably accept improved severance terms in due course, though it would be for the employers to decided on how much they should be improved; but it was doubtful whether they would all accept on the time-scale required. By giving the MDHC the proposed assurance, this would enable them to be taken on temporarily rather than a TUR being imposed.

The Prime Minister said that a dock strike must be avoided particularly since it would appear to be caused by the employers breaking their 1972 agreement. She fully accepted the proposals under (a) to improve the severance terms. Her only doubts were about the proposed assurance under (b). She disliked the idea of the Government having to provide the MDHC with additional funds to finance employees whom they did not need. However, if the assurance was necessary to avoid a TUR and if the probability was that the dockers would only be taken on by the MDHC temporarily, she was prepared to go along with it. Mr. Fowler said that the

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Government would have to be very careful in its presentation of what was being done: otherwise, it would look all too much like a defeat. He would see the Managing Director of MDHC later that evening and apprise him of the Government's position.

I am sending copies of this letter to Terry Mathews (Chief Secretary's Office), Anthony Meyer (Department of Transport), Ian Ellison (Department of Industry), David Wright (Cabinet Office) and also to John Halliday (Home Office), together with a copy of Mr. Prior's minute.

Mr. M.

Tim Lashbrook.

Richard Dykes, Esq.,
Department of Employment.

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